

July 26, 2016  
5:30 PM

The City Council of the City of Inverness met on the above date in a City-Wide Budget Workshop at 212 W. Main Street with the following members present:

President Ryan  
Vice President McBride  
Councilwoman Bega – (Absent)  
Councilwoman Hepfer  
Councilman Hinkle  
Mayor Plaisted

Also present were City Manager DiGiovanni, Asst. City Manager Williams, Senior staff members, and City Clerk Davis.

The meeting was called by the following Notice to all Council, Mayor, media, as well as publicly posted.

#### **PUBLIC NOTICE**

DATE: March 1, 2016

PLEASE BE ADVISED **BUDGET RELATED WORKSHOPS FOR 2016/17 FY ARE CALLED FOR THE CITY COUNCIL OF THE CITY OF INVERNESS, AT 212 W. MAIN STREET, INVERNESS, FLORIDA, AS FOLLOWS:**

April 7	5:30pm	Overview of Projects & Goals
May 5	5:30pm	City-Wide Five-Year Capital Improvement Plan (CIP)
May 10	5:30pm	CIP Workshop (if necessary)
<b>July 26</b>	<b>5:30pm</b>	<b>City-Wide Budget Workshop</b>
July 28	5:30pm	Budget Workshop (if necessary)
Sept. 8	5:01pm	Tentative Budget Adoption - 1 <sup>st</sup> Public Hearing
Sept. 22	5:01pm	Final Budget Adoption - Final Public Hearing

/s/ David Ryan  
President of City Council

City Manager DiGiovanni began the 2016/17 City-Wide Budget Workshop with an opening statement referencing the Inverness Capital Action Plan and is being worked for some of the projects to commence during next fiscal year. It was noted that the tentative millage has been set as ½ mill higher than the current rate. This workshop will provide information on the City budget and the status of fiscal perspective, and a policy perspective. There are issues that have remained with the City for quite some time, and it is getting to a point where the needs and aspirations are beginning to feel pressure. There will also be discussion regarding the lack of growth and poor property valuations. The facts cannot be disputed, and there will be a reality to confront. Moving forward, there will need to be policy changes made.

**Summary Totals – All Funds** presented total proposed expenditures with 2016 at \$21,957,130 and the 2017 proposed budget at \$25,080,851. This is an increase of \$3,123,721, for capital projects of \$2,953,196 and new money with ½ mill of \$269,378. Total ending reserves are \$13,930,965 and presents a total budget of \$39,011,816. The All Fund Summary charts for 2017 proposed budget expenditures by function and by type (Governmental, Special Revenue, Enterprise, and Trust Funds) is \$25,080,851 excluding reserves. He spoke of the incredible restriction due to the stagnate valuations, and there is very little new money. This budget was built with little to no changes.

### **Department/Agency – General Government**

Legislative proposed is \$122,880 with no change; Executive is \$778,190 with no changes other than including the Capital Project Team salaries at \$160,000; General Government is 792,265, absorbing credit card fees of \$5,000, Cemetery Management Contract of \$38,916; and this eliminates a marketing/education program of \$135,000. The Finance budget of \$440,452 with a slight change with utility billing costs. Community Development budget with no change at \$266,320. Information Technology with \$288,213 and no changes other than eliminating 1 FTE network specialist. Facilities Maintenance with a reduction of \$28,323 in IGC maintenance at \$152,195.

Fire Services will remain the same with no change at \$546,892 including operational expenses and personnel, and building a reserve fund with \$25,000/year for 5 years.

Public Works Sanitation is \$1,074,760 and eliminates the hazardous waste program. Road and Street Facilities at \$768,823 with the CIP Project Engineer moved to the Executive budget. Satellite Park Maintenance at \$137,491 and Cemetery Maintenance at \$152,425 with no changes. Public Works – Utilities with no changes in the Water Plant at \$649,660; Sewer Plant at \$1,128,952; and Water/Sewer Lines at \$196,965, an employee was shifted from the City management to Woodard Curran. There will also be a retirement coming soon.

Culture/Recreation shows no change in Recreation & Cultural Programming at \$21,083; Valerie Theatre at \$212,775; and Inverness Events & Visitors Bureau with \$455,424. Noted was the CRA sponsorship of \$100,000 and corporate business partner program of \$55,000.

City Manager DiGiovanni addressed the various budget pressures and issues in the 2017 budget to include personnel, slow growth in property values, increase costs by other governments, lack of funding at Whispering Pines Park and the withdrawal from the sanitation services by the School Board.

### **ISSUES**

Whispering Pines Park has a budget of \$569,144 which does not support status quo operations or services. \$50,000 in fees must be generated to maintain and changes will be made to all fees, charges and admissions. He spoke of how the park was modeled on urban parks in the 1950s and 1960s. Aquatics budget of \$202,033 with revenues of \$80,300 show the need to curtail hours and programs. The pool is very old and will need

replaced or phased out, and the park should be re-planned with a water park family area. Park Facilities budget of \$367,081 is offset by revenues of \$14,800, therefore we must curtail hours and services at the park. The Ballfields are a high cost and needs to be more tourist based and create a concert venue to support local economy and family activity. Court Facility Area needs the basketball courts relocated, replace racquetball with pickleball courts, and create a hub for joggers, walkers and nature trails. He spoke of the new bicycle connectivity to the trail. In the future there needs to be a new entrance from the highway, a new logo and branding, and new revenues and reduced spending.

Law Enforcement Revenues includes the reduction of parking fines estimated at \$6,500; fines and forfeitures at \$16,000; and no reporting of collections or expenses from the Sheriff's Office regarding law enforcement education funds or seized funds.

Law Enforcement - 2017 shows \$16,736 for the School Crossing Guard program, which is state mandated. 911 Dispatch Services costs of \$32,000, and the Sheriff's Services contract at \$775,529 which is a 1.01% increase. Moving forward we are looking at approx. \$43,430 total increase for these programs. It is being strongly recommended to deduct these costs for the current program costs.

Sanitation Services with the City program for the businesses and for the residents. The School Board is being petitioned to break the franchise agreement with the City and go out to bid for a lower cost with Goodfellas. This will be a revenue loss of \$33,000 to the City. This action could impact the entire City program and impact funding for residential services.

Reserve Replenishment for the Land Acquisition Reserve is a projected balance of \$500,687 by 9/30/2016 and will continue to replenish \$50,000/year starting in 2017 until fund reaches \$800,000 (6 years). Fire Services Reserve balance at 9/30/16 is to be \$25,000 and continue to replenish at \$25,000/year for five years (\$125,000). Capital Equipment Reserve's balance is projected for 9/30/2017 to be \$217,000 and continue to replenish \$50,000/year starting in 2017 until fund reaches \$500,000 (6 years).

**Items Not Funded** include a full time staff accountant position in Finance, a part time Code Enforcement position in Community Development, and a full time Network Support Position in Information Technology. There will be no new events, no increase in marketing efforts, and no expansion of existing events through the Event and Visitors Bureau due to no funding for 1.5 full time staff support. Public Works will eliminate the hazardous material disposal and will not be hiring of 1 FT Equipment Operator or Maintenance Mechanic. Whispering Pines Park needs additional staff due to increased maintenance needs and outdated/old equipment, but will not add 2 FT Maintenance Mechanics or 2 PT Recreation Aides. Positions requested that are not funded total \$319,651, noting the ½ mill does not even fund this.

City Manager DiGiovanni reference the current Personnel Cost Allocation - All Fund Summary chart of \$2,865,211 with the percentage breakdown per department. He compared this amount to the cost in 1995.

**ICRA – Operating Expenditures - 2017** referencing the expanded CRA, the hospital, and objection at the County Government level regarding these funds. Total Operating Expenditures total \$346,385. He spoke of bond validation and positioning for debt service, and of potential challenges. O & M highlights include Special Attorney fees of \$100,000 and Contractual Services of \$55,390. There is a programming contribution to the Valerie Theatre of \$150,000 and working for a downtown lighting program of \$10,000 and downtown banner program of \$5,000. Included is an event sponsorship of \$100,000 to IEVB, administrative reimbursement to the General Fund for staff time of \$211,500 and ending cash reserves of \$60,156. Total 2016 Budget - \$1,317,591.

**2017 Capital Improvement Program** of \$3,427,746 including various buildings and improvements to create the new City. Debt Payments have an allocation of \$454,550.

**Debt Issuance – 2017** spoke to issuing debt and to control of stream of the CRA and pledge it to repay bonds. This would start the materialization of the projects and looking at approx. \$16M in grants. He spoke of eliminating areas of blight and new money coming into the City with new buildings and businesses, creating more money into the CRA. Policy decisions will need to be made on debt services.

Hospital Challenge regarding property valuation is looking to reduce their tax bill by 50%, putting further pressure on the City. If HCA prevails, there is a potential refund of CRA contributions.

County Challenges are the refusal to pay penalties and interest on late payments, and more challenges are projected for the future. The City needs to establish a reserve fund for challenges, including Legal Counsel as costs to the program.

**Property Taxes** show property values below the average growth for the State. He referenced the ½ mill increase representing an 8.87% tax increase. Total revenues generated - \$3,387,304 with a commitment to CRA of \$603,812 and General Fund support of \$2,627,615. Reminded in 2016, City residents received a 1/2 mill decrease due to eliminating the County Fire Services Tax.

City Manager referenced charts of the 2008 – 2017 Property Values and noted properties are valued \$55,153,255 below 2008 values, and Mill Levy Comparison, including the ½ increase for reference purposes.

**General Fund Revenues** total \$8,024,960 excluding inter-fund transfers, with Property Tax of \$2,627,615 (excluding CRA portion of \$603,812), Sales Tax of \$335,817, Franchise fees of \$745,320 and Utility Service Taxes of \$783,826. A 3% Utility Tax is proposed on water services for in-city residents, generating \$37,326. A General Fund

Revenues-Comparison graph represented one time transfer from Capital Projects Fund for Bond Defeasance of \$3,849,048.

**CRA Revenues** shows the money from the City, the County, interest earnings, and cash balance forward. HCA is contesting \$28,500,000 in assessed valuations with a potential reduction to City and County of \$382,998 and in 2017 of \$410,072.

**Utility Revenues** total \$4,272,181 with the annual CPI rate adjustment of 1.29%, a total increase of \$38,000. Spoke to Rosemont/Rolling Greens 137 new customers and Sweetwater Pointe 58 new customers. There has been a water loss reduction from 15% to 5% with automated metering system, customer lead recognition and notification within 24 hours, and improved water usage tracking methods.

City Manager referenced the chart of All Fund Summary – 2017 Proposed Revenue Sources with highlights to State Shared Revenues of 3.3% and Property Taxes of 13.9%. Totaling \$23,820,316.

### **BUDGET GOALS**

Find it; Fix it; Make it BETTER. Spoke to protecting reserves for unforeseen needs and emergencies; allocate funds to start the Capital Action Plan in 2017; delivers the expected service levels (must make changes in the Parks); control recurring expenses; maintain fiscal integrity, and great events marketing. City Manager announced an upcoming presentation of how the City plans and planning methods to the Hernando/Citrus MPO and the State Planners Association in Tampa.

City Manager noted there are difficulties facing the City and we cannot continue as we have, as we will not accomplish the projects. The fact is we must be smart with the revenues and very smart on how we apply them to maintain the services to keep the greater good alive and well. The goals and objectives have to be implemented. He spoke to a recent presentation to the Inverness Business Leaders and they asked how the City of Inverness could not accomplish all of these projects.

**In Summation** consideration needs to be made with the additional cost of Law Enforcement and radios; changes to the availability of facilities; revenue streams. Next fiscal year must be frugal and fully balanced. An audit of the City must be done by professionals to evaluate how this community is being appraised and valued.

### **Council Comments:**

**Councilman McBride** spoke to the appeal of a water park at Whispering Pines and would be revenue producing, and a size to accommodate more people in a family friendly environment. City Manager stated there can be a water park for a family environment with 3 entities working together, including the water park, picnic area, and playground. Councilman spoke of the cost of pool maintenance versus revenues and questioned the use being decreased or facing a decision to phase out the pool. City Manager spoke of staffing, costs, etc. and should look at phasing out in 1-2 years. Councilman McBride

questioned the reduction of ballfields with City Manager commenting to the County government's responsibility to contribute to the park funding and questioned holding on to the past or move forward. Need to look at a better return for lower cost and suggested getting money from the County for events, etc. and reconcile to making changes. Both spoke to the future of the park and contribution from the County.

President Ryan questioned the devaluing of property taxes and if it is throughout the County or in the City only, with City Manager stating it varies throughout the County. Councilman spoke of the Blue Ribbon Panel for 911 calling regarding grants, etc. with City Manager recommending taking the additional money from the existing agreement. Also spoke to grant writing, grants and details regarding them.

Mayor Plaisted stated that looking at events and charging fees, etc. for more revenue. In developing all of this was to attract more to move into the City and not sure of the dynamic of what is happening and questioned where to get other sources of revenue. City Manager spoke to charging for events and the right venue for this is not downtown or the parks at the lakes. Whispering Pines Park is more controlled. Mayor spoke to defining the various communities that may elevate property value.

Council President Hepfer questioned how the property valuations are determined. She likes the changes with the parks and questioned the fire grant status. City Manager spoke of the 3% tax increase limit, creating a dynamic to increase use and attendance in the park, and the grants are moving forward.

Councilman Hinkle questioned the 9-point County agreement with City Manager stating 5 points have been resolved. Councilman questioned Goodfella's Sanitation and negotiations with County landfill. Spoke of the YMCA compared to Whispering Pines Park, TDC, taxation, Sheriff's services, questioned State relation with changes at park, costs of modeling of the park, HCA and property value challenge, etc.

President Ryan suggested notice of resident savings vs. ½ mill increase. City Manager stated maybe in the City newsletter.

City Manager DiGiovanni concluded the presentation and reminded what will be coming forward to Council in the next few months.

Meeting Adjourned at 7:23pm

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City Clerk

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Council President